

Message Text

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70

ACTION ARA-20

INFO OCT-01 ISO-00 H-03 IGA-02 PM-07 NSC-07 SP-03 SS-20

RSC-01 CIAE-00 INR-11 NSAE-00 L-03 MC-02 EB-11 TRSE-00

OMB-01 AID-20 DRC-01 /113 W
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R 232025Z JUL 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 3729

INFO DA/OSD/ISA

DSAA

USCINCSO

AMEMBASSY LIMA

C O N F I D E N T I A L LA PAZ 4746

E.OM 11652: GDS

TAGS: MASS BL

SUBJ: AVAILABILITY OF FY 1975 FMS CREDIT FUNDS

1. I WOULD APPRECIATE IT IF A SMALL FMS CREDIT IN THE RANGE OF 2-1/2 TO 4 MILLION DOLLARS COULD BE APPROVED NOW UNDER THE CONTINUING RESOLUTION AUTHORITY FOR BOLIVIA. I UNDERSTAND THE IMPORTANCE OF OUR MULTI-YEAR COMMITMENTS FOR LARGER PROGRAMS INCLUDING SOPHISTICATED EQUIPMENT, BUT WOULD LIKE TO UNDERLINE CERTAIN SIGNIFICANT US INTERESTS HERE THAT CAN BE SERVED WELL BY THE EARLY APPROVAL OF A SMALL FY 1975 FMS CREDIT.

2. BOLIVIA'S INTEREST IN TANKS HAS RESULTED IN OFFERS FROM UNDESIRABLE SUPPLYING COUNTRIES WHICH WE MAY BE ABLE TO PRE-EMPT BY SUPPLYING PROMPTLY INFORMATION ON A SUTIALBE ALTERNATIVE SUCH AS THE V-150 CADILLAC-GAGE ASSAULT CAR AND ALSO AN OFFER OF FMS CREDIT FOR THE BOLIVIAN ARMY. I UNDERSTAND THAT A REPRESENTATIVE OF CADILLAC-GAGE MAY VISIT LA PAZ IN LATE AUGUST AND WOULD OBVIOUSLY WISH TO DISCUSS THE V-150 ASSAULT CAR WITH THE BOLIVIAN MILITARY. IT WOULD BE AN EFFECTIVE STEP IF WE
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WERE ABLE TO SUPPORT ANY INTEREST AROUSED WITH AN FMS CREDIT.

3. WE ARE NOW SUCCESSFULLY PURSUING A LONG-RANGE STRATEGY OF PROGRAMMING A PHASE-DOWN IN MAP GRANTS FOR MATERIEL WITH THE EXPECTATION OF A COMPENSATORY INCREASE IN FMS CREDITS. TO CONTINUE THIS SUCCESSFUL STRATEGY, WE SHOULD HAVE AT HAND FMS CREDITS FOR FY 75. THE \$4 MILLION FY 74 FMS CREDIT MADE AVAILABLE TOWARD THE END OF THE FISCAL YEAR HAS BEEN ALLOCATED BY THE GOB TO THE BOLIVIAN AIR FORCE. THE FAB (BAF) IS MAKING ACTIVE EFFORTS TO USE ITS CREDITS IMMEDIATELY. THE BOLIVIAN AUTHORITIES HAVE TOLD ME AND THE MILGP THAT SUBSEQUENT FMS CREDITS ARE TO BE ALLOCATED TO THE BOLIVIAN ARMY. THUS A MODEST CREDIT FOR FY 75 FROM 2-1/2 TO 4 MILLION DOLLARS WOULD SUSTAIN THE PRESENT STRATEGY FOR MILITARY ASSISTANCE IN BOLIVIA.

4. I FEAR THAT AN ASSOCIATED PRESS WIRE SERVICE STORY FROM LIMA CARRIED IN THE BOLIVIAN PRESS CONCERNING A US OFFER OF \$20 MILLION MILITARY CREDIT TO PERU DURING THE VISIT TO LIMA OF ARMY SECRETARY CALLOWAY WILL NOT HAVE ESCAPED THE ATTENTION OF THE BOLIVIAN MILITARY. I CAN WELL UNDERSTAND THAT THE ANNOUNCEMENT MAY NOT BE TRUE, BUT IT WILL COMPLICATE ANY EFFORT TO CONVINCE THE BOLIVIANS THAT THEIR NEIGHBORS HAVE NOT RECEIVED FY 75 FMS CREDIT OFFERS.

5. IN VIEW OF THE FOREGOING, I EARNESTLY REQUEST A SMALL FMS CREDIT ALLOCATION UNDER CRA TO BE USED NOW IN BOLIVIA.
STEDMAN

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